



LEGISLATIVE FISCAL OFFICE  
Fiscal Note

Fiscal Note On: **HB 579** HLS 10RS 89  
Bill Text Version: **ORIGINAL**  
Opp. Chamb. Action:  
  
Proposed Amd.:  
Sub. Bill For.:

<b>Date:</b> April 6, 2010	2:42 PM	<b>Author:</b> JONES, SAM
<b>Dept./Agy.:</b> Revenue		
<b>Subject:</b> Waive Surety Bonding requirements for terminals		<b>Analyst:</b> Deborah Vivien

TAX/TAXATION OR SEE FISC NOTE SD RV Page 1 of 1  
Requires the secretary of the Dept. of Revenue to waive surety bond requirements for terminal operator licensees under certain circumstances

Current law allows the secretary of the Department of Revenue to waive the surety bonding requirement for motor fuel dealer licensees that meet all of the following: 1) have and agree to maintain assets within Louisiana with a net worth 1.25 times the amount of the bond requirement, 2) had the bond on file for at least three years, and 3) avoided delinquency in remitting motor fuel taxes during the three year period prior to applying for the waiver.

Proposed law maintains current law but requires the secretary to waive the surety bonding requirement if the licensee is a terminal with at least 75% principal ownership that would otherwise qualify for the waiver under the current requirements.

EXPENDITURES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2010-11	2011-12	2012-13	2013-14	2014-15	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Motor fuel dealers are required to post a surety bond to obtain a license unless all of these criteria are met: 1) have and agree to maintain assets in Louisiana with a net worth 1.25 times the amount of the bond requirement, 2) had the bond on file for at least three years, and 3) avoided delinquency in remitting motor fuel taxes during the three year period prior to applying for the waiver. Different bond amounts are required: for terminals (\$1,000,000), suppliers (\$50,000), and distributors (\$20,000). This bill would remove the bonding requirement for terminals if 75% of the principals owning the terminal would qualify for the waiver.

Currently, there are 27 terminal operators doing business in Louisiana, and three have applied for and received waivers for bonding requirements. Of the remaining terminals, 15 qualify for the waiver but have not applied and 9 do not qualify for the waiver. This bill could affect the 9 terminals that do not currently qualify for the waiver if 75% of the principal owners qualify for the waiver. The 75% ownership provision appears to be based on the number of entities and not ownership share.

The bonds are required to cover the possible default on tax liabilities. Motor fuel taxes are typically collected from the supplier, but the terminal operator is responsible for taxes related to discrepancies in volume between the supplier and the terminal. While the bill by itself does not directly affect motor fuel tax collections, to the extent that the bonding requirement for a terminal operator is waived under this provision and the terminal defaults on a tax liability without other recovery options, dedicated motor fuel tax collections may be reduced.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$500,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	<b>Gregory V. Albrecht</b> Chief Economist